

14 December 2007

**JT International S.A.
JT International Holding BV**

and

The European Community

and

the Participating Member States

MUTUAL CESSATION AGREEMENT

THIS AGREEMENT is made on 14 December 2007,

BETWEEN

JT International S.A. (*JTI*) and JT International Holding BV (*JTH*) on their own behalf and for and on behalf of any and all companies forming the JT Group Companies

and

The European Community (the *EC*) represented by the European Commission (the *Commission*)

and

Certain Member States of the European Union participating in this Mutual Cessation Agreement (the *MCA*) (the *Participating Member States*).

RECITALS

WHEREAS

(A) the EC and some Member States have filed the Complaints and certain JT Group Companies have brought the EC Proceedings;

(B) Japan Tobacco Companies, Participating Member States and the EC have entered into a Cooperation Agreement establishing an ongoing relationship of co-operation between the Parties in order to combat the trade in smuggled and/or counterfeit Cigarettes in the EC and specifically to work towards the elimination of Japan Tobacco Cigarettes from the illegal market; and

(C) the Parties have agreed that it is in their best interests fully and finally to resolve, without any admission of liability, all matters between the Parties that relate to: the EC Claims or JT Claims, or the alleged acts (or omissions) forming the basis of said Claims, that were asserted, or which could have been asserted in the Complaints or the EC Proceedings.

THEREFORE

the Parties have agreed to enter into this MCA in consideration of the mutual covenants and other valuable consideration set out below.

1. DEFINITIONS AND INTERPRETATION

1.1 In this MCA all terms which are defined in the Cooperation Agreement will have the same meaning in this MCA and, further, the following terms shall have the following meanings:

Agents means direct and indirect subsidiaries of JT Group Companies along with their direct and indirect subsidiaries, as well as all of their current and former employees, directors, officers, agents acting lawfully and within their authority and servants insofar as their conduct relates to the manufacture, sale, distribution and/or storage of Japan Tobacco Cigarettes prior to the Execution Date. For the avoidance of doubt, Agents shall not include any RJR Entities.

Assigns means an individual or business to whom the property or legal rights or interests of Japan Tobacco Companies have been transferred, including a non-Affiliate of JT Group Companies engaged in the manufacture under license of products bearing Japan Tobacco Trademarks, prior to the Execution Date. For the avoidance of doubt, Assigns shall not include any RJR Entities.

Complaints means the proceedings filed by the EC and certain Member States in New York on or about 6 November 2000, 6 August 2001, 9 January 2002 and 31 October 2002 and any other allegations made by the EC and Participating Member States and shown to JT Group Companies prior to the Signature Date.

Cooperation Agreement means the agreement between Japan Tobacco Companies, the EC and the Participating Member States.

EC Claims means any and all civil claims, charges, demands, subpoenas, discovery requests, actions, suits, liabilities, obligations, judgments, orders, debts, liens, covenants, expenses, counterclaims, rights of set-off, claims for indemnity, causes of action, proceedings or rights or interests of any kind or nature whatsoever, including monetary claims which are made within criminal proceedings in the form of claims for restitution, disgorgement, forfeiture, punitive or other damages or otherwise), as well as interest and costs, for any conduct or acts or omissions prior to the Signature Date, whether known or unknown, suspected or unsuspected, accrued or unaccrued, however and whenever arising or capable of arising and in whatever jurisdiction, whether in a court, tribunal and/or in arbitration, including (but not limited to) any claims for costs, or for damages including punitive damages and penalties or any multiple thereof imposed by civil courts and whether on the basis of contract, equity, tort, restitution or unjust enrichment or otherwise, provided that such Claim arises out of or relates to, or is connected with any matters, or the alleged acts (or omissions) forming the basis of the claims that were raised or asserted, or could have been raised or asserted, in relation to those matters in the Complaints. For the avoidance of doubt, EC Claims does not include health care matters.

EC Proceedings means the proceedings before the Court of Justice of the European Communities against the Commission with case numbers T-380/00 and T-31/02, and C-131/03 P to the extent not already determined by that Court.

JT Claims means any and all civil claims, charges, demands, subpoenas, discovery requests, actions, suits, liabilities, obligations, judgments, orders, debts, liens, covenants, expenses, counterclaims, rights of set-off, claims for indemnity, causes of action, proceedings or rights or interests of any kind or nature whatsoever including for interest and costs, for any conduct or acts or omissions prior to the Signature Date, whether known or unknown, suspected or unsuspected, accrued or unaccrued, however and whenever arising or capable of arising and in whatever jurisdiction,

whether in a court, tribunal and/or in arbitration, including (but not limited to) any claims for costs, or for damages including punitive damages and penalties or any multiple thereof imposed by civil courts and whether on the basis of EC law, contract, equity, tort, fraud, restitution or unjust enrichment or otherwise, provided that such Claim arises out of or relates to, or is connected with any matters, or the alleged acts (or omissions) forming the basis of the claims that were raised or asserted, or could have been raised or asserted, in relation to those matters in the EC Proceedings.

JT Group Companies means Japan Tobacco Inc., and all subsidiaries and related entities existing at any time between 12 May 1999 and the date of this MCA. For the avoidance of doubt, JT Group Companies shall not include any RJR Entities, or any entity whose aggregate EC market share has been more than 2% since 1990.

MCA means this Mutual Cessation Agreement as it may be amended from time to time.

Party or Parties means a party or parties to this Agreement who is/are listed or referred to at the head of this MCA.

RJR Entities means Reynolds American Inc., R.J. Reynolds Tobacco Company (a North Carolina corporation), R.J. Reynolds Tobacco Company (a Delaware corporation), R.J. Reynolds Tobacco Company (a New Jersey corporation), RJR Nabisco Inc., R.J. Reynolds Tobacco International, Inc., RJR Acquisition Corp., Nabisco Group Holdings Corp., RJR Nabisco Holdings Corp., R.J. Reynolds Tobacco Holdings, Inc., R.J. Reynolds Global Products, Inc., and all their affiliates and subsidiaries existing on May 12, 1999 or acquired thereafter (which, for the avoidance of doubt, does not include any JT Group Companies).

Signature Date means, for each initial Participating Member State, the Execution Date, and for each subsequent Participating Member State, the date on which that Participating Member State executed a signature page to this Agreement.

1.2 Save where the context requires otherwise:

- (a) references to any clause, sub-clause or annex without further designation shall be construed as a reference to the clause, sub-clause or annex to or of this MCA so numbered;
- (b) clause and annex headings are for convenience only and shall not be taken into account in the interpretation of this MCA;
- (c) reference to any gender shall include all genders and reference to the singular shall include the plural and vice versa.

2. CONDITION PRECEDENT RELATING TO THE COOPERATION AGREEMENT

2.1 No party may become a Party to the Cooperation Agreement, either on the Execution Date or later, unless that Party has previously, or simultaneously, become a Party to this MCA. The Parties agree that, in the event of any conflict between this Clause and any provision in the Cooperation Agreement, this Clause will prevail.

3. MUTUAL CESSATION

3.1 Save in relation to obligations arising under this MCA or the Cooperation Agreement, the EC and the Participating Member States hereby absolutely and unconditionally fully release and discharge JT Group Companies and their successors, Agents and Assigns from any and all EC Claims and all such claims are hereby waived. For the avoidance of doubt, the release, discharge and waiver provided for in this Clause shall not cover any RJR Entities.

3.2 The release, discharge and waiver provided for in sub-Clause 3.1 shall cover companies acquired by or merged into JT Group Companies subsequent to January 1, 2007, but this release, discharge and waiver shall extend to the acquired company or companies only if the aggregate EC market share of such acquired company or companies has not been more than 2% since 1990.

3.3 Save in relation to obligations arising under this MCA or the Cooperation Agreement, JT Group Companies hereby absolutely and unconditionally fully release and discharge the EC and the Participating Member States, and their public officials, officials, employees, staff and successors, from any and all JT Claims and all such claims are hereby waived.

3.4 The EC and the Participating Member States shall:

- (a) promptly seek and, if possible obtain, full and complete dismissal with prejudice and without costs of any proceedings in any jurisdiction relating in any way to the Complaints insofar as they relate to JT Group Companies; and
- (b) specifically, deliver to JTI, simultaneously herewith, a Notice and Order of Dismissal with Prejudice in the form of Annex 1 of this MCA executed by the authorised representatives of all of the named plaintiffs in the Complaints and cause to be filed, consistent with Fed. R. Civ. P. 41, all other reasonable requested notices and/or stipulations of discontinuance with prejudice, where applicable, and without any order as to costs, to the relevant court or courts where the Complaints or any of them are pending insofar as they relate to JT Group Companies.

For the avoidance of doubt, for the purposes of this sub-Clause, proceedings shall include any proceedings whether or not served or pending

3.5 JT Group Companies shall promptly seek and, if possible obtain, full and complete dismissal with prejudice and without costs of any pending proceedings insofar as they relate to any of the EC Proceedings which have been brought by JT Group Companies, to the extent that those proceedings have not already been determined by the Court of Justice of the European Communities.

3.6 Each of the waivers, releases or discharges of liability pursuant to this Clause is expressly with prejudice to those claims or liabilities. For the avoidance of doubt, the Parties granting waivers, releases or discharges acknowledge that the Parties thereby benefiting do not admit and shall be deemed not to have admitted, liability for any of the matters waived, released or discharged pursuant to this MCA or the truth,

or arguability, of any factual allegation made in any of the EC Claims or the JT Claims.

3.7 For the avoidance of doubt, and without prejudice to the position of any of the Parties, the EC, the Participating Member States and JT Group Companies shall each bear all their own costs including, without limitation, those relating to:

(a) the dismissal of pending proceedings relating in any way to any of the Complaints insofar as related to JT Group Companies and the dismissal of the EC Proceedings; and/or

(b) the conduct of any claims relating in any way to any of the Complaints insofar as related to JT Group Companies and the EC Proceedings.

4. COVENANTS AND WARRANTIES

4.1 The EC and the Participating Member States covenant not to bring any claims released pursuant to this MCA against JT Group Companies connected with any EC Claims or arising out of, or related in any way to, any of the matters waived, released and discharged by the EC and the Participating Member States pursuant to this MCA (save for the purpose of enforcing their rights pursuant to the terms of this MCA or the Cooperation Agreement).

4.2 JT Group Companies covenant not to bring any claims released pursuant to this MCA against the EC or any of the Participating Member States connected with any JT Claims or arising out of, or related in any way to, any of the matters waived, released and discharged by JT Group Companies pursuant to this MCA (save for the purpose of enforcing their rights pursuant to the terms of this MCA or the Cooperation Agreement).

5. FURTHER AND ADMINISTRATIVE MATTERS, NOTICES AND APPOINTED REPRESENTATIVES

5.1 The following provisions of the Cooperation Agreement shall be incorporated into this MCA.

- (a) Clause 14 (Dispute Resolution);
- (b) Clause 15 (Notices);
- (c) Clause 17 (Authority);
- (d) Clause 18 (Further Assurance);
- (e) Clause 19 (Costs);
- (f) Clause 20 (Invalidity);
- (g) Clause 21 (Counterparts);
- (h) Clause 22 (Succession);

- (i) Clause 23 (Modification);
- (j) Clause 24 (Entire Agreement)
- (k) Clause 25 (Additional Signatories); and
- (l) Clause 26 (Consent to Jurisdiction and Enforcement).

6. GOVERNING LAW

6.1 The construction, interpretation, operation and effect of this Agreement and any claims, controversies or disputes arising out of or related thereto shall be governed by and construed in accordance with the laws of the State of New York without giving effect to conflicts of law principles.

7. EXECUTION AND EFFECT

7.1 This MCA comes into effect immediately prior to the Cooperation Agreement coming into effect on the Signature Date.

7.2 No provision of this MCA is intended to confer upon any person other than the EC and Participating Member States, and JT Group Companies any rights or remedies hereunder.

7.3 All of the obligations of this MCA are subject to the relevant constitutional provisions, statutes, ordinances, rules, regulations or other provisions having the force and effect of the law of the EC and/or the Participating Member States, and without limitation, nothing herein may be construed to limit, in any way, the EC's or Participating Member States' power or discretion to discharge their official duties.

7.4 IN WITNESS WHEREOF this MCA has been executed on behalf of the Parties hereto with effect from the date specified on the first page of this MCA.

Annex 1

NOTICES AND/OR STIPULATIONS OF DISCONTINUANCE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X
:
THE EUROPEAN COMMUNITY, :
acting on its own behalf and :
on behalf of the MEMBER STATES :
it has power to represent, and the : 02-CV-0164 (NGG)
Kingdom of Belgium, Republic of Finland, :
French Republic, Hellenic Republic, :
Federal Republic of Germany, :
Italian Republic, :
Grand Duchy of Luxembourg, :
Kingdom of the Netherlands, :
Portuguese Republic, and Kingdom of :
Spain, individually, :

Plaintiffs, :

- against - :

JAPAN TOBACCO, INC., :
JT INTERNATIONAL MANUFACTURING :
AMERICA, INC., :
JTI DUTY-FREE USA, INC., :
JT INTERNATIONAL S.A. :
JAPAN TOBACCO INTERNATIONAL U.S.A., :
PREMIER BRANDS, LTD. :

Defendants. :
-----X

NOTICE AND ORDER OF DISMISSAL WITH PREJUDICE

The plaintiffs in this action, by and through their counsel of record, hereby give notice, pursuant to Fed. R. Civ. P. 41(a)(1), that all claims and causes of action

are hereby DISMISSED WITH PREJUDICE. Each party shall bear its own costs, expenses and attorneys' fees.

Dated: New York, New York

_____, 2007

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BUSER, SLAMA, HANCOCK,
LIBERMAN & McKEE, P.A.

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ATTORNEYS FOR PLAINTIFFS

SO ORDERED THIS _____ DAY OF _____, 2007

U.S.D.J.

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